

## Message Text

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PAGE 01 STOCKH 01638 151817Z  
ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-15 AID-05 EB-08 NSC-05  
TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00  
COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06  
LAB-04 SIL-01 L-03 H-02 PA-02 PRS-01 AGRE-00  
/100 W

-----160637Z 094115 /22

R 151523Z APR 77  
FM AMEMBASSY STOCKHOLM  
TO SECSTATE WASHDC 0339  
INFO USDOC WASHDC  
AMEMBASSY COPENHAGEN  
AMEMBASSY HELSINKI  
AMEMBASSY OSLO  
USMISSION EC BRUSSELS  
USMISSION OECD PARIS

UNCLAS STOCKHOLM 1638

DEPARTMENT PASS AGRICULTURE

E.O. 11652: N/A  
TAGS: EPAP, ETRD, SW  
SUBJECT: SWEDISH IMPORTERS MAY PASS ON PRICE INCREASES DUE TO  
DEVALUATION IN SPITE OF PRICE FREEZE

REF: (A) STOCKHOLM 1545, (B) STOCKHOLM A-58

1. AFTER ANNOUNCEMENT BY GOS ON APRIL 4 (REF A) OF THE  
INTRODUCTION OF A GENERAL PRICE FREEZE UNTIL THREE-PERCENT  
INCREASE IN VALUE ADDED TAX COULD BE EFFECTED ON JUNE 1,  
SWEDISH PRICE CONTROL AGENCY, STATENS PRIS- OCH KARTELLNAMND  
(SPK), HAS ISSUED REGULATIONS CONCERNING FREEZE.

2. PRICE FREEZE, WHICH WILL BE IN EFFECT UNTIL MAY 31, 1977,  
APPLIED TO ALL GOODS AND SERVICES IN THE SWEDISH MARKET AT  
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ALL LEVELS OF PRODUCTION, DISTRIBUTION, AND RETAILING.  
PRICES ARE FROZEN AT LEVELS PREVAILING ON MARCH 31 AND MAY  
NOT BE EXCEEDED WITHOUT PERMISSION FROM SPK.

3. FOLLOWING CATEGORIES OF GOODS AND SERVICES ARE, HOW-  
EVER, EXEMPTED FROM FREEZE LEVEL:  
ACTIVITIES CONTROLLED BY BANK AND INSURANCE INSPECTO-

RATES; PHARMACEUTICALS UNDER PRESCRIPTION; REAL ESTATE TRANSACTIONS; LIVE ANIMALS; POT PLANTS; CUT FLOWERS, AND BULBS; FEED AND FEED MIXES, GRAIN AND PULSES, EXCLUDING RICE, CORN, PEAS, AND BEANS FOR HUMAN CONSUMPTION; POULTRY; FRESH FISH, FROZEN SALMON, SMOKED, DRIED, SALTED, OR MARINADED FISH (NOT IN BOTTLES OR GLASS CONTAINERS), CRUSTACEANS AND MOLLUSKS (NOT IN CANS OR GLASS CONTAINERS); FRESH FRUIT, FRESH VEGETABLES, INCLUDING POTATOES, AND FRESH BERRIES; LIQUOR, WINE, AND BEER AT RETAIL LEVEL; RAW MATERIALS OF COPPER, PEWTER, LEAD, ZINC, ALUMINUM, SILVER, AND GOLD; COMMERCIAL STEEL COVERED BY PRICE CONTROLS OF EUROPEAN COAL AND STEEL COMMUNITY. ANTIQUES, OLD BOOKS, WORKS OF ART AND HANDICRAFT PRODUCTS. TRANSPORTATION OUTSIDE SWEDEN. CHARTER TOURS BETWEEN SWEDEN AND OTHER COUNTRIES; DOMESTIC SEA TRANSPORTATION. BORROWING AND LENDING OF MONEY, AND DEALINGS IN NEGOTIABLES AND CURRENCIES. AUCTIONS OF ALL KINDS.

4. GOVERNMENT'S ECONOMIC RESTRAINT MEASURES INCLUDED DEVALUATION OF KRONA BAND WITHIN SNAKE BY SIX PERCENT. EFFECTIVE DEVALUATION AGAINST DOLLAR ON APRIL 15 WAS 3.3 PERCENT. SPK STATES THAT SWEDISH IMPORTERS MAY PASS ON EFFECT OF DEVALUATION IN KRONOR AND ORE (AND THUS ON DOWN RETAIL LINE TO CONSUMER BY SAME AMOUNT) WITHOUT SPECIFIC PERMISSION. IMPORTERS MUST, HOWEVER, KEEP CORROBORATORY DOCUMENTS HANDY FOR POSSIBLE INSPECTION BY SPK OFFICIALS.

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5. ANY INCREASES IN SPOT TAXES THAT MAY COME INTO EFFECT AFTER MARCH 31 MAY ALSO BE PASSED ON, IN KRONOR AND ORE, IN SIMILAR FASHION WITHOUT SPECIFIC PERMISSION, AND ITEMS THAT MAY HAVE BEEN ON SPECIAL SALE WHEN FREEZE WAS INTRODUCED CAN LIKEWISE RETURN TO NORMAL PRICE LEVELS WITHOUT SPECIFIC SPK PERMISSION.

6. SPK IS EMPOWERED, ON APPLICATION, TO GRANT PERMISSION TO EXCEED FROZEN PRICE LEVELS IN CASES OF EXCEPTIONAL NEED.

7. A NUMBER OF BASIC FOODS HAVE BEEN SUBJECT TO PRICE CONTROL SINCE DECEMBER 1972. EMBASSY INFORMED BY SPK SPOKESMAN THAT REGULATIONS CONCERNING MEAT AND DAIRY PRODUCTS WOULD BE ANNOUNCED AT LATER DATE.

8. FOOD IN SWEDEN IS CURRENTLY SUBJECT TO EFFECTIVE 17.65 PERCENT VALUE ADDED TAX, AND FROM JUNE 1 THIS EFFECTIVE RATE WILL INCREASE TO 20.63 PERCENT. PRESS

REPORTS OF APRIL 15 STATE THAT STATISTICAL BUREAU HAS FOUND THAT PRICES OF NON-DURABLE CONSUMER GOODS (FOOD, TOBACCO, AND OTHER EVERYDAY HOUSEHOLD COMMODITIES) INCREASED BY NO LESS THAN 6.2 PERCENT IN FIRST QUARTER OF THIS YEAR (OVER FOURTH QUARTER OF 1976), COMPARED TO AN INCREASE OF 3.5 PERCENT IN THE GENERAL CONSUMER PRICE INDEX DURING SAME PERIOD. SOME OF THE MAJOR CAUSES OF THIS RAPID INCREASE SAID TO BE INCREASE IN TOBACCO TAX AND COFFEE PRICES. IN ADDITION, FARMERS RECEIVE COMPENSATION FOR PRICE INCREASES TWICE YEARLY, WHICH MAY WELL BRING FURTHER INCREASES IN FOOD PRICES UNLESS GOVERNMENT SUBSIDIZES FOOD TO AN EVEN GREATER EXTENT THAN IT IS ALREADY DOING.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Executive Order:** N/A  
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**Original Handling Restrictions:** n/a  
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**Reference:** 77 STOCKHOLM 1545, 77 STOCKHOLM A-58  
**Retention:** 0  
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**Status:** NATIVE  
**Subject:** SWEDISH IMPORTERS MAY PASS ON PRICE INCREASES DUE TO DEVALUATION IN SPITE OF PRICE FREEZE  
**TAGS:** EPAP, ETRD, SW  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
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22 May 2009  
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